

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5296-01
Bill No.: SJR 44
Subject: Constitutional Amendments; State Departments
Type: Original
Date: April 6, 2010

Bill Summary: This resolution proposes a constitutional amendment to eliminate the naming of each state department.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$0 or (More than \$7,000,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0 or (More than \$7,000,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations, Department of Insurance, Financial Institutions and Professional Registration, Department of Agriculture, Office of the Governor, Department of Revenue, Capitol Police, Department of Conservation, Missouri Gaming Commission, Department of Transportation, Department of Health and Senior Services, Missouri Highway Patrol, Department of Elementary and Secondary Education** and the **Department of Mental Health** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Attorney General** state that costs which may arise from this proposal are unknown.

Officials from the **Department of Natural Resources (DNR)** assume the intention of the proposal is to remove the specificity of named executive departments within the constitution to facilitate the combining of departments without the need to amend the constitution, thereby having no direct fiscal impact to the department.

However, should this assumption be incorrect and the intent of the proposal is to eliminate DNR, then the department assumes the federal regulatory requirements would be taken over by the federal government. It is unknown how the elimination of the department, but the continuance of statutory authority for regulation and fees would fiscally impact the state.

Officials from the **Department of Economic Development, State Emergency Management Agency** and the **Missouri Veterans' Commission** each assume an unknown fiscal impact.

Officials from the **Department of Higher Education (DHE)** state although this proposed constitutional amendment would have an impact on their agency and all other executive agencies, the DHE is unable to estimate the extent of the fiscal impact of the proposed change at this time.

Officials from the **Department of Social Services (DOSS)** state this constitutional amendment is designed to give the legislature flexibility to combine or eliminate departments by statute or even create new ones, although the total number of state departments is still capped by the constitution at fifteen. At this point, there is no fiscal impact to DOSS. DOSS would presumably continue to exist and carry out its programs through numerous statutory references.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Fire Safety** state the legislation eliminates all state departments within the executive branch. Therefore, the Division of Fire Safety will no longer exist.

Officials at the **Office of the Secretary of State (SOS)** assume unless a special election is called for the purpose, Joint Resolutions are submitted to a vote of the people at the next general election. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people and Article XII section 2(b) authorizes the governor to call a special election to submit constitutional amendments to a vote of the people.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article I, Section 26, 27, 28 of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2009, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$1.35 million to publish (an average of \$270,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2011. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2010 (FY 2011). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2011.

ASSUMPTION (continued)

To estimate the expense the state would incur for reimbursing local political subdivisions for a special election, **Oversight** requested expense estimates from all election authorities for an election. Eighty-six out of the one hundred fifteen election authorities responded to Oversight's request. From these respondents; the total election expense that would have to be reimbursed by the state government is over \$7 million. Therefore, Oversight will reflect a potential cost borne by the state in FY 2011 of over \$7 million for reimbursement to the local political subdivisions. Oversight assumes the Governor could call for a special election to be held prior to November, 2010 regarding this joint resolution; however, if a special election is not called, the subject will be voted on at the general election in November, 2010.

Officials from the **Office of the Secretary of State - Rules (SOS - Rules)** state the Department of Agriculture, Department of Conservation, Department of Natural Resources, Department of Elementary and Secondary Education, Department of Higher Education, Department of Transportation, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor and Industrial Relations, Department of Economic Development, Department of Public Safety, Department of Revenue, Department of Social Services, and Department of Mental Health may promulgate rules based on this bill. These rules will be printed by our division in the Missouri Register and the Code of State Regulations. Based on experience with other departments, the rules, regulations, and forms issued by these multiple departments could require as many as 8,116 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes, and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn. SOS - Rules assumes there could be a cost of \$499,134 to the General Revenue Fund in FY 2011.

Oversight assumes the constitutional amendment change, if approved by voters, would not by itself have a fiscal impact on the state. Oversight assumes the constitutional change would simply allow flexibility if the General Assembly would want to make structural changes to the Missouri State Government at a later date. Therefore, Oversight will assume the proposal, by itself, would not have a fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Expense</u> - reimbursement of local political subdivisions for special election costs	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - cost reimbursement from the State for special election	\$0 or More than \$7,000,000	\$0	\$0
<u>Expense</u> - cost for special election	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

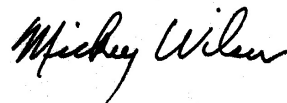
FISCAL DESCRIPTION

This proposed constitutional amendment, if approved by the voters, would eliminate each of the current constitutionally mandated departments within the executive branch.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of the Attorney General
Department of Agriculture
Department of Conservation
Department of Natural Resources
Department of Elementary and Secondary Education
Department of Higher Education
Department of Transportation
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Economic Development
Department of Public Safety
Department of Revenue
Department of Social Services
Department of Mental Health
Department of Health and Senior Services
Office of the Governor



Mickey Wilson, CPA
Director
April 6, 2010